

# ***Governance Structure & Performance Assessment***

**C**incinnati's Empowerment Zone strategy contains a comprehensive and integrated set of bold initiatives designed to achieved measurable economic and social change. It relies on the significant efforts of a variety of community and regional partners, as well as the commitment of substantial resources by both the federal government and local stakeholders.

To achieve our goals, we must become effective "guardians" of the EZ plan. Programs must be implemented in ways that lead to the most tangible benefits for Zone residents, businesses and neighborhoods. This requires an effective and well managed governance structure. Similarly, steps must be taken on a periodic basis to account for the use of resources and to measure whether implementation actions are producing the desired results. This requires a reasonable and operational performance assessment system.

As part of the strategic planning process, an Empowerment Zone Governance Planning Group (GPG) was formed to address these issues. The goal of the GPG was to develop a governance structure and assessment system that can effectively direct, oversee and monitor the EZ program on behalf of community residents. and can do so upon designation.

This goal has been achieved as the process has brought forth a structure and a set of operating principles and mechanisms that have been endorsed by all key stakeholders and includes majority representation of the Zone Community. *To demonstrate our commitment to act, we have taken the bold step of preparing for designation. On October 1, 1998, the Cincinnati Empowerment Corporation (CEC) was incorporated as a new non-profit entity within the State of Ohio with the express purpose of managing Cincinnati's Empowerment Zone program.*

In addition, we have debated and considered issues such as representation, voting, accountability, program delivery, staff, etc. We have come to a consensus and are now prepared to act. Designation will find a committed community ready to undertake the work at hand. The following describes the specifics of these matters.

## ***Cincinnati Empowerment Corporation***

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*The Governance Structure*

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The deliberations of the GPG, which was comprised of six community representatives and five representatives of other stakeholders, was designed to consider two matters at the outset. First, review the lessons learned from Round I of the EZ/EC process with the intent of building on successes and avoiding delaying conflicts. Second, approach this endeavor from an organized framework that presented ideas and options for the key components of a governance structure. The components were: 1) the model; 2) the membership structure; 3) the voting process; 4) the guiding principles; 5) the governing functions; and 6) the level of resources.

This framework served as the foundation for the GPG's deliberations and development of a detailed recommendation for a governing structure for the CEC. It also served as the basis for review and approval by the Community Partners Strategic Planning Group, as well as an endorsement by the chairs of the nine neighborhoods councils involved in the Zone. On some matters the deliberations were straightforward and easy. On others they were more complex.

For example, there was little question that the only model for governance was a new non-profit entity with a board of directors representing the variety of stakeholders. None of the alternative governance models—mayor, council, public agency, or existing non-profit—seemed to have the mechanisms necessary to advance the sense of community partnership that had evolved during the strategic planning process. On the issue of representation, however, there was considerable debate about the most effective ways to insure participation by the various stakeholders. A number of groups advocated for an expansion of the overall stakeholder groups from three to many more. Finally, it was agreed to stay at three stakeholder groups, but to provide thresholds for involvement within the three groups for certain important stakeholders.

Overall, we believe the a detailed and solid foundation has been established for the Zone governance structure. Over the ensuing months, steps will be taken to further develop the CEC (e.g, draft bylaws, secure operating space within the Zone, etc.) so that upon designation, Cincinnati will be ready to act. The following provides specifics on the CEC.

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*Governance Model*

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A new non-profit 501c.(3), incorporated as the Cincinnati Empowerment Corporation (CEC) in the State of Ohio on October 1, 1998. The CEC will be operated by a 33 person Board of Directors, who will elect a chair from among the group.

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*Membership Structure*

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The 33 member board will be comprised of an equal number of representatives from three stakeholder groups. Each stakeholder group will select their representatives to the board.

- **Community representatives (11)**—one representative from each of the 9 neighborhoods and two at-large (can be non-council or staff). Members will be selected by the nine neighborhood councils and the at-large members will be approved by all nine neighborhoods.
- **Private businesses and employers (11)**—at least two members from each of the following geographic areas: the Zone, City outside the Zone, and outside the City, plus a member from each of the Zone's top two employers. Members will be selected by the executives of the Greater Cincinnati African-American Chamber of Commerce, Cincinnati Business Committee, Greater Cincinnati Chamber of Commerce, and the Institute for Advanced Manufacturing Sciences.
- **Government and community non-profit organizations (11)**—Up to three government representatives, at least two representatives

from the Faith-based community, and the remaining from community-based philanthropic, social services and other community institutions. Members will be selected by the executives of the City of Cincinnati, Greater Cincinnati Foundation, Hamilton County, Metropolitan Area Religious Coalition, Neighborhood Development Corporation Association, United Way and Community Chest of Greater Cincinnati, and the Urban League of Greater Cincinnati.

### Voting

All final decisions on policy, programmatic and resource allocation matters must be made by the 33 member board of directors. Positive decisions require a 70% vote of the Board or a minimum of 17 affirmative votes, whichever is greater. The Board must have 60% (20) of the members in attendance for a formal session (quorum).

### Committees

The Board of Directors will establish a nine member Executive Committee with three representatives from each stakeholder group. In addition, the Board will have three substantive committees, with appropriate representatives from all stakeholders. Chairs will be selected from among committee members.

### Staff

The Board will employ an Executive Director for the corporation who will be responsible for staff. In addition to a chief financial officer, the corporation will have approximately 8-10 experienced professionals responsible for managing EZ program implementation.

### Principles

The board will develop bylaws and operating procedures, as well as conduct business based on the following principles.

- **Inclusion** –The Board will be comprised of representatives from all key regional stakeholders.
- **Equality**–All three stakeholder groups will have equal representation on the Board.
- **Community Driven** –A majority (17) of board members will either reside or work in the Zone, or be affiliated with a business or entity with a facility in the Zone.
- **Super Majority Decision Making**–Either 70% of the Board members in attendance or 17 members of the Board (whichever is larger) is required for an affirmative action. A formal Board meeting requires a 60% quorum
- **Voluntarism**–The CEC Board members will serve without compensation and efforts will be made to engage other volunteers in the work of the Zone
- **Objectivity**–Board members will avoid actions or appearances of conflict of interests. Members will be required to recuse themselves from voting on matters of direct interest.
- **Efficiency**–Whenever possible, work is to be accomplished through existing organizations through formalized contracting procedures.
- **Community Ownership**–Decisions and resource allocations will be driven by the objective of building ownership and equity within the Zone.
- **Unity**–Decisions and resource allocations will be driven by the objective of serving the Zone, not individual neighborhoods.
- **Common Understanding**–Board members will be expected to have or develop an understanding of Zone issues. All members will jointly participate in leadership and community development training.
- **Continuity**–The bylaws will be developed so that Board membership is structured to facilitate continuity.
- **Deliverability**–Decisions and resource allocations will be driven by the objective of seeking to find the best way to achieve an program task.
- **Accountability**–Fiscal management and the achievement of program outcomes are the top priorities for all Zone actions.
- **Sustainability**–Whenever possible, efforts will be taken to build on-going capacity for the long-term, post EZ

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*Governing Functions*

A number of potential governing functions and activities of the CEC were identified. The GPG decided on the following:

- Executive decisions and resource allocation—Board of Directors
- Advisory—Board of Directors' committees
- Fiscal management—Corporation staff
- Program development—Corporation staff
- Program delivery—Subcontracted with community/regional partners whenever possible

Performance measurement:

- Program monitoring—corporation staff
- Evaluation and audit—subcontracted

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*Resources*

On the one hand, a decision was made that the CEC should not become laden with excessive staff. On the other hand, GPG members agreed that the CEC had to have the staff capacity—quality and quantity—to manage the CEC operation. Of particular concern was the need to manage \$10 million annually in federal funds as well as local and state resource commitments. Approximately \$750,000 to \$1 million annually was budgeted to support the operations of the corporation.

### *Community Performance Assessment System*

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Throughout the Community Partner's strategic planning process questions emerged about how to insure that the EZ program would operate in an efficient and effective manner, as well as produce tangible benefits for the Zone. Although one part of the answer lies with the management of an effective governance structure, another revolves around operational issues concerning program/project delivery, performance and impact. This GPG addressed this matter as part of its overall mission.

In considering the concept of performance assessment, it was recognized that this was not simply a matter of reviewing program efforts to determine what was achieved. Performance assessment is far more involved process that starts during the strategic planning process with the identification and reconciliation of budgets and outcomes for proposed initiatives and extends to the evaluation of long term impacts. The ultimate objective is to produce timely and continuous information that can be used by program managers and/or the CEC Board to confirm, refine or make mid-course corrections in program activities. In other words, the assessment process must not only lead to information on program outcomes, but also provide ongoing useful analyses and assistance that be build institutional capacity for effective program implementation.

To more fully consider the complexities of performance assessment five important points were identified that related to performance assessment:

- 1) Outcomes and budgets for each initiative during the first two years;
- 2) Fiscal management controls and accounting systems
- 3) Program/project delivery
- 4) Program monitoring;
- 5) Program evaluation. Proposed actions and discussion pertaining to each of these points follows.

#### *Outcomes and Budgets*

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The Community Partners Group took great care to formulate initiatives with realistic budgets and outcomes. Each initiative work team took care to distinguish between process outputs and program outcomes. This is primarily achieved by first detailing the essential action steps necessary to implement an initiative and then identifying the short and long term outcomes to be produced by these actions.

Although the detailing of outcomes and budgets are important to this application, they are an essential first step in the performance assessment system. These numbers will be used as the foundation for contracting with providers to deliver appropriate services or actions. This then becomes the basis for assessing whether a contractor is performing satisfactorily and whether progress is being made as expected.

#### *Fiscal Accountability*

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The GPG was quite explicit that the overall integrity of the EZ program would be largely determined by the appropriate use of EZ and matching funds. As such, it was determined that the CEC would have a chief financial officer and appropriate staff. It was also determined that outside expertise would be obtained to establish the fiscal management controls and accounting systems necessary for the efficient operations of the CEC.

Fiscal accountability is considered a fundamental component of the performance assessment system. Its direct application lies in the execution of several important fiscal management functions. These include:

- a) Establishing cost centers for each initiative;
- b) Establishing fund receipt accounts to capture all sources of matching, donated, and leveraged funds;
- c) Controlling disbursements to contractors based on the achievement of performance milestones;

- d) Assuring documentation for audits; and
- e) Protecting against the substitution of EZ funds for existing public expenditures.

#### *Program/Project Delivery*

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As indicated earlier, a key principle behind the operation of the CEC is that existing or outside providers will be used to implement EZ initiatives. This requires that the CEC engage in formal contracts with all providers. Each contract will be required to have an implementation plan which will be a jointly agreed upon statement that details activities and outcomes to be achieved through this initiative.

Each implementation plan will be developed with the expressed purpose of detailing the specific action steps, milestones, timetables, intermediate outputs, and outcomes expected for each initiative. These specifics will form the basis for program management and monitoring. Each contract will contain penalties for non-performance. In addition, the implementation plans will address other issues such as the beneficiaries of each initiative, the degree to which EZ residents or business are involved in the initiative, the goals, baselines and benchmarks for an initiative, and the role of participating partners in the implementation process.

#### *Program Monitoring*

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The GPG decided that CEC staff would perform all program development and monitoring functions. As such, senior professionals will be obtained to guide the implementation of the strategic plan.

Program monitoring will be the core job function of these staff and their efforts will be guided by the implementation plans developed for each program initiative. Staff will utilize a variety of methods to execute their monitoring function, including the receipt and review of regularly scheduled progress reports and site-visits. Staff will also be asked to prepare semi-annual analyses on the progress being made in each of the four substantive work areas (e.g, economic and workforce development, civic infrastructure, etc.). These reports will be designed to inform the Board as to whether the package of

programs/initiatives are making the anticipated progress and whether any specific program efforts warrant modification.

#### *Program Evaluation*

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The proposed Empowerment Zone program is designed so that implementation will begin soon after designation. As such, the GPG expects that the results and impacts will start to occur within the first years of the program.

The GPG decided that resources would be invested in program evaluation. This will be done by an outside vendor, the University of Cincinnati Institute for Community Partnerships. The purpose will be to generate objective data and analysis on key economic and social conditions within the Zone and assess how indicators of these conditions are changing as a result of Zone program efforts. This will require that the evaluators develop baseline data on key indicators and a defined set of methodologies for tracking changes and relating such changes with Zone actions.

These are the five components that drive the performance assessment system. In addition, is the overall issue of a Management Information System (MIS). The GPG recognized that an MIS would be essential to program operations and monitoring as well as to the conduct of an ongoing evaluation. It was decided that this would be one of the first matters addressed by the CEC once it became operational.

#### *Implementation*

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Cincinnati is poised to take positive and accountable actions in implementing and operating the EZ program. As noted above, the community has already acted to establish the Cincinnati Empowerment Corporation as the governing structure. In addition, the University of Cincinnati's Institute of Community Partnerships (ICP) has agreed to assist the CEC with the performance assessment, and a plan is in place to assure access by Zone residents to all CEC activities.

### **Community Access to Governance Activities:**

To ensure that the governance structure operates in as transparent a manner as possible and is responsive to the interests of community residents, all meetings will be open to the public. Formal meetings of the CEC will be publicized in advance through a variety of means including City of Cincinnati cable, local and neighborhood newspapers, and postings at key neighborhood institutions. Once developed, the CEC web-site will maintain an updated schedule of EZ activities. CEC will link its web-site to others in the Zone, particularly, the Wire the Zone initiative and Career Resources Network. In addition, these same means will be used to ensure that the community and all interested stakeholders receive continual feedback on the substantive activities of the Zone and the progress made toward EZ goals. This will be possible as the CEC, as discussed below, will implement a performance assessment system that will generate information for use by the Board and the public in general.

### **UCICP:**

The University of Cincinnati Institute for Community Partnerships (UCICP) is a center whose focus is to engage in research and technical assistance activities related to issues facing urban communities. UCICP is an institutional collaboration between the Colleges of Education and Arts and Sciences and the Office of Student Affairs and Human Resources. The Center facilitates partnerships and connections between the University of Cincinnati and entities throughout the Greater Cincinnati community.

UCICP is funded by the Ohio Board of Regents and is one of eight research centers constituting the Urban University Program (UUP). Each center is based at a university that is located in an urban community. As a consequence, the purpose of UUP is to provide seed money to help in the identification of urban problems and propose solutions designed to enhance the vitality of Ohio's urban regions and distressed central cities. This goal is achieved through a combination of collaborative research networks between universities, and the work of individual centers in their respective communities.

UCICP brings the various resources of the university to the task of collaboratively solving problems in the urban community. One partner that works very closely with UCICP is the Evaluation Services Center of the University of Cincinnati, which is a collaborative, designed to provide a full range of services related to program evaluation. The Center provides these services for a number of diverse clients from the public and private sectors. Educational and community boards, school systems, cities, police departments, non-profit agencies, small businesses and medical facilities have used the services offered at the Center.

Services available include: program evaluation design, program evaluation implementation, qualitative and quantitative methods for data analysis and strategic planning. These services are enhanced by the Center's access to the University's extensive library, state of the art automation and faculty. In the past two years, the Center has completed over 50 program evaluations.

### **Performance Assessment Methodology:**

UCICP has agreed to work with the performance assessment system in two ways. First, UCICP will provide initial consulting assistance to help the CEC establish its internal performance monitoring and management system. This assistance will be provided during the first several months of CEC's operation and the services will be donated by UCICP.

Second, UCICP will become a contributing partner to the EZ effort that will assume responsibility as the outside, objective evaluator for the program. Each year, the EZ will provide \$100,000 for evaluation efforts and UCICP will provide \$75,000. We estimate that when all components are initiated, the evaluation will cost approximately \$300,000. When this occurs UCICP will work with the CEC to raise the remainder of evaluation costs (\$125,000) from other sources committed to establishing accountability for this effort. UCICP has had a history of obtaining matching funds for community efforts, and over the last two years has raised over \$500,000 in matching funds.

UCICP will coordinate outcome evaluation efforts by: a) facilitating the articulation of outcomes of funded initiatives, b) identifying performance indicators related to outcomes, c) collecting and analyzing data related to the performance indicators, and d) reporting findings to the Cincinnati Empowerment Corporation.

Although initial outcomes for initiatives have been articulated, an important function of the evaluation will be the converging of these outcomes with measurable evaluation outcomes. To accomplish this task, UCICP will engage in a focusing process with key stakeholders identified with each initiative to identify and build commitment for measurable evaluation outcomes for the initiative. A facilitated process will be used that has the following steps: a) the articulation of initiative purposes; b) identification of outcomes that flow from the purpose statement; and c) the identification or development of performance standards related to each outcome. These performance standards will then be benchmarked to determine the effectiveness of the initiative.

A second important function of the evaluation will be to conduct a yearly audit. This audit will have the following steps: a) appropriate staff and stakeholders associated with the initiative will complete an instrument design for a self-analysis related to progress on objectives and performance indicators; b) a member from the evaluation team will make a site visit to record observational data-related objectives; c) a guided focus group will be conducted with appropriate staff and stakeholders to review and discuss findings from self-analysis reports and the site visit; and d) based on the focus group, recommendations regarding program progress will be made. This process will be a critical component to process planning and will combine with performance standards to help ensure accountability.